

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
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MEMORANDUM

To: Assessing Officials

From: Department of Local Government Finance

Date: November 2007

Subject: Annual Adjustment/Ratio Study Review

The purpose of this memorandum is to request submission of additional information with the sales-assessment ratio study.

The Department requests a copy of the County Assessor's "workbook" (pre-rollover) values and supporting documentation to be submitted with the sales-assessment ratio study. Specifically, the Department requests documentation on the approach to value, data, or other information used in the determination of assessed valuation for all classes of property with an emphasis on valuation methods used where sales were insufficient to calculate a sales adjustment factor. This is particularly important for commercial or industrial improved property, but may have relevance to other property classes.

Examples of additional information or analysis include but are not limited to:

- Updated cost factors
- Income approach to value

Background

The annual adjustment rule requires the County Assessor to perform a sales-assessment ratio study using methods acceptable under the Standard on Ratio Studies published by the International Association of Assessing Officers (IAAO). 50 IAC 21. The sales-assessment ratio study is a measure of the performance of a mass appraisal method and compares the assessing official's estimate of value with objectively verifiable data, such as sales data or other approaches to value.

The County Assessor provides the results to the Department as specified by 50 IAC 21. The Department reviews various statistical measures, such as the median, the coefficient of dispersion (COD), and price-related differential (PRD) for accuracy, uniformity, and equity of the assessments by property class and by township. To ensure the annual adjustment rule has been properly completed, the Department will thoroughly review assessed valuations for all classes of property to determine whether a change in value from the previous assessment date has occurred. Ind. Code § 6-1.1-4-4.5; Ind. Code § 6-1.1-4-31; 50 IAC 21.

If you have any questions or concerns, please feel free to contact Barry Wood at (317) 232-3777 or e-mail bwood@dlgf.in.gov.